



NEWS RELEASE

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USDA, GINNIE MAE ANNOUNCE MILESTONE IN GUARANTEED RURAL RENTAL HOUSING PROGRAM

WASHINGTON, May 1, 2008 – USDA Rural Development and Ginnie Mae announced today that they have reached a significant milestone by securing more than \$100 million in loans to build or rehabilitate affordable rental housing in rural communities.

The two groups formed a partnership in 2005 in which Rural Development's Section 538 Guaranteed Rural Rental Housing Program loans are guaranteed by Ginnie Mae and then sold to private investors, a process known as securitization.

"Helping rural citizens obtain affordable rental housing is a major part of USDA Rural Development's mission," said Under Secretary for Rural Development Thomas C. Dorr. "Our partnership with Ginnie Mae demonstrates that financing affordable housing is a sound, viable business venture."

Ginnie Mae, officially known as the Government National Mortgage Association, was created to provide guarantees on mortgage-backed securities for government loans, such as those offered by USDA, the Department of Veterans Affairs and the Federal Housing Administration.

"The Guaranteed Rural Rental Housing Program has grown every year since its inception; it is one of the most successful new products in our portfolio," said Ted Foster, Senior Vice President, Ginnie Mae. "We are proud to work with USDA to increase the availability of affordable housing in America's rural communities."

Since its inception in 1999 as a demonstration program, the Section 538 Guaranteed Rural Rental Housing Program has used more than \$270 million in loan guarantees to create or renovate more than 10,000 affordable housing units. The cost of these guarantees to the federal government is less \$15 million.

The Section 538 program includes incentives such as interest rate reductions to encourage private and public lenders to make new loans for affordable rental properties. Properties funded through the program must be in areas that meet USDA Rural Development eligibility requirements. Tenants eligible to live in Section 538 housing cannot earn more than 115% of an area's median income.

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

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USDA Rural Development's mission is to increase economic opportunity and improve the quality of life for rural residents. Rural Development has invested nearly 91 billion since 2001 for equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure. More than 1.7 million jobs have been created or saved through these investments. Further information on rural programs is available at a local USDA Rural Development office or by visiting USDA's web site at <http://www.rurdev.usda.gov>

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